



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
ST. PAUL DISTRICT, CORPS OF ENGINEERS
190 FIFTH STREET EAST, SUITE 401
ST. PAUL, MINNESOTA 55101-1638

MAY 21 2007

EI-3001

CB

Operations
Regulatory (MVP-2005-546-JKA)

Burns & McDonnell Engineering Company
Attn: Stephen Thornhill
P.O. Box 419173
9400 Ward Parkway
Kansas City, Missouri 64141

Dear Mr. Thornhill:

This letter is in response to the April 13, 2007 letter from the Surface Transportation Board (STB) to the U.S. Army Corps of Engineers St. Paul District Office (Corps) requesting project-related comments and information about STB Finance Docket No. 34992 – Itasca County Regional Rail Authority (ICRRA) for the construction of a railroad line to the proposed Minnesota Steel Industries (Minnesota Steel) plant near Nashwauk, in Itasca County, Minnesota. This proposed railroad line is a connected action to Minnesota Steel's proposed taconite mine, processing plant, and steel mill project. The Corps and the Minnesota Department of Natural Resources (MnDNR) have prepared a joint federal/state Draft Environmental Impact Statement (EIS) for the Minnesota Steel project. The public comment period for the Draft EIS has closed, and the Corps and the MnDNR are currently preparing responses to comments and the Final EIS. The Draft EIS is available electronically at the following web link:

<http://www.dnr.state.mn.us/input/environmentalreview/minnsteel/index.html>

The Draft EIS addresses the environmental effects of connected actions to the Minnesota Steel project (including the railroad line) to a limited degree. The railroad line environmental effects are addressed in the Draft EIS chapter 6.13.2.3 (Railroads) and in Chapter 7.2 (Connected Actions). Table 6.13.1 (enclosed) summarizes the infrastructure impacts. The impacts were based upon the best information available at the time that the Draft EIS was prepared (February 2007). The connected action environmental effects were not fully addressed in the Draft EIS because detailed information regarding the connected actions was not available, and it was recognized that each connected action would also be subject to a separate environmental review and permitting process.

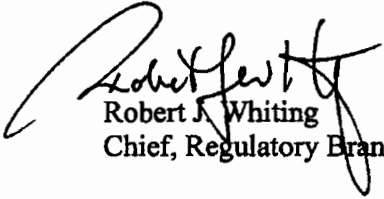
Regarding the National Environmental Policy Act (NEPA) evaluation that the STB is conducting for the railroad line that has been proposed by the ICRRA, the Corps requests to become a cooperating agency because a Clean Water Act Section 404 permit for the discharge of fill material into waters of the U.S. (including jurisdictional wetlands) will likely be required for the project. The Corps recommends that all of the

issues listed on page 2 of the April 13, 2007 STB letter be addressed in the NEPA evaluation. However, the Corps has specific comments for the following issues:

- Water quality and wetlands – The project applicant will need to submit a completed Clean Water Act Section 404 permit application for the proposed railroad line to the Corps and to the Local Government Unit (LGU) for the Wetland Conservation Act (WCA). Alternative routes for the proposed railroad line will need to be evaluated, and information regarding the potential wetland impacts (including wetland acreage and wetland types) along each route will need to be estimated and provided in the permit application. The railroad line route that is selected by the applicant as the proposed project will need to avoid and minimize impacts to wetlands to the greatest degree practicable. Compensatory wetland mitigation will need to be provided for unavoidable wetland impacts if the total wetland impact for the project exceeds 10,000 square feet. The project applicant will need to conduct a wetland delineation of the proposed railroad line route to determine the amount of wetland impacts and the types of wetlands (based upon the Eggers and Reed classification system) that would be impacted. The NEPA wetland analysis will need to include information regarding the type of wetlands to be impacted, the amount of wetlands to be impacted, the functions and values of the impacted wetlands, and any proposed compensatory wetland mitigation.
- Historic sites, archaeological sites, or cultural resources – The NEPA analysis will need to address Section 106 of the National Historic Preservation Act. As the lead federal agency, STB will need to consult with the State Historic Preservation Office (SHPO) regarding Section 106. The project applicant will need to identify any historic properties that may be affected by the proposed railroad line. If historic properties would be impacted, mitigation would likely be required.
- Socioeconomics – Impacts to recreational trails (hiking, biking, ATV, snowmobile, etc.) will need to be included in the socioeconomic evaluation.
- Wildlife, vegetation, and fisheries – The NEPA analysis will need to address Section 7 of the Endangered Species Act. As the lead federal agency, STB will need to consult with the U.S. Fish and Wildlife Service regarding potential impacts to federally-listed threatened and endangered species.
- Soils and geology – Soil erosion and sedimentation impacts will need to be included in the soils and geology evaluation.

If you have any questions, contact Jon K. Ahlness in our St. Paul office at (651) 290-5381. In any correspondence or inquiries, please refer to the Regulatory number shown above.

Sincerely,


Robert J. Whiting
Chief, Regulatory Branch

Enclosure

Copy Furnished:

Scott Ek, MnDNR

Jess Richards, MnPCA

Deb McGovern, Minnesota Steel

TABLE 6.13.1 INFRASTRUCTURE IMPACTS

IMPACTS											
Infrastructure Element (Related DEIS Chapter)	Responsible/Implementing Agency	Environmental Review Process	Cover Types ^(a)	Wetlands	Residential/Commercial Property Acquisition	Notes	Shoreland Zoning Issues	Surface Water Quality/Quantity	Wildlife Travel Cumulative Impacts	Cultural Resources	Other Considerations
Highways ^(a) (Chapter 6.13.2.2)	Itasca County	State EAW	Option 1: 5 ac wetlands 45 ac wooded 14 ac brush/grassland 0.2 ac developed/transportation/utility corridor 4 ac railroad	Option 1: 5 acres Option 2: 6 acres	Property acquisition may be needed in the vicinity of S. Sucker Lake Road, depending on the final roadway alignment.	Potential for roadway noise impacts to existing residential receptors in the vicinity of Little Sucker Lake and the intersection of the new roadway with existing CR 58 will be assessed during the Itasca County environmental review process for the proposed roadway.	Yes Conditional Use permit would be required	Increase in impervious surface on new and improved roadways would increase runoff and decrease runoff water quality. Regulations require mitigation, including but not limited to NPDDES Construction Permit requirements.	Low volume, 2-lane road would not be a substantial impediment to wildlife travel.	Will be addressed as provided for in the Programmatic Agreement (see Chapter 6.10)	Approx. 25% of corridor area is within area previously disturbed by mining Option 2: Southview Road upgrade would cross a creek.
Railroad (Chapter 6.13.2.3)	Itasca County (or possibly private railroad – decision is not final)	Federal environmental review process (Surface Transportation Board)	5 ac wetlands 29 ac wooded 14 ac brush/grassland	5 acres	No residential or commercial property acquisitions anticipated.	Classified residential receptors are over 0.5 mile from the proposed rail line to the Minnesota State police site. Potential for noise impacts will be assessed in the STB environmental review process for the rail line extension.	Yes Conditional Use permit would be required	Increase in runoff and decrease in runoff water quality. Regulations require mitigation, including but not limited to NPDDES Construction Permit requirements.	Low volume year-round rail line would not be a substantial impediment to wildlife travel.	Will be addressed as provided for in the Programmatic Agreement (see Chapter 6.10)	Approx. 35% of corridor is within area previously disturbed by mining
Gas pipelines (Chapter 6.13.2.4)	City of Nodaway	Minnesota Public Utilities Commission environmental assessment	25 ac wetlands 44 ac wooded 31 ac brush/grassland 2 ac cropland	25 acres (Temporary impacts)	No residential or commercial property acquisitions anticipated. The pipeline alignment would be located at least 400 feet away from all existing dwellings.	None	Yes Conditional Use permit would be required	Temporary impact during construction; mitigated by BMPs.	None	Will be addressed as provided for in the Programmatic Agreement (see Chapter 6.10)	With the exception of areas that would be cleared from the gas pipeline corridor, ground surface including wetlands would be temporarily impacted and ultimately would be restored to pre-construction conditions.
Water/utility sewer line (Chapter 6.13.2.5)	City of Nodaway	None required (plan review by MDH and MPCA)	1 ac wetlands 8 ac wooded 4 ac brush/grassland 1 ac developed/transportation/utility corridor	1 acre (Temporary impacts)	None.	None	Yes Conditional Use permit would be required	Temporary impact during construction; mitigated by BMPs.	None	Will be addressed as provided for in the Programmatic Agreement (see Chapter 6.10)	Ground surface in the utility corridor, including wetlands, would be temporarily impacted and ultimately would be restored to pre-construction conditions.
Electrical transmission line (Chapter 6.13.2.6)	City of Nodaway or Minnesota Power	Minnesota Public Utilities Commission environmental review	52 ac wetlands 75 ac wooded 114 ac brush/grassland 4 ac cropland 2 ac residential 32 ac developed/transportation/utility corridor	Minimal impacts – support structures only potential impact areas	2 acres of residential property acquisition anticipated	None	Yes Conditional Use permit would be required	Temporary impact during construction; mitigated by BMPs.	None	Will be addressed as provided for in the Programmatic Agreement (see Chapter 6.10)	Ground surface in the utility corridor, including wetlands, would be temporarily impacted and ultimately would be restored to pre-construction conditions.
TOTAL	NA	NA	89 ac wetlands 219 ac wooded 182 ac brush/grassland 6 ac cropland 2 ac residential 34 ac developed/transportation/utility corridor 4 ac railroad	89 acres (26 ac of the total would be temporary impacts)	2 acres	NA	NA	NA	NA	Will be addressed as provided for in the Programmatic Agreement (see Chapter 6.10)	NA

^(a) No unique cover types were identified. Land cover is typical of the region; second growth forests, shrub/grassland, urban land, wetlands and low density rural residential.

^(b) Does not include impacts associated with construction of turn lanes, assumed to be minimal impacts.